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BARGAINING POWER FOR U.S. EXPORTS

INDIA AND ITS AGRICULTURE

Foreign Agricultural Service
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Villagers buy grain at one of the fair-price ration shops set up by the Indian Government. For summary facts on Indian agriculture, see page 6.

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U.S. Farmers Need B

In a recent speech, Secretary of Agriculture Orville L. Freeman discussed the thinking of farmers on bargaining power in U.S. markets. Then he set out in the following unmistakable terms their equal need for bargaining power overseas.

We now move in foreign trade the produce of one out of each four acres harvested, about 70 million acres in total.

And so, as we seek to design farm programs to reach parity, the overseas market must be given prominent attention.

Yet there are those who press for import limitations whose ultimate effect will be drastic *restrictions* by foreign countries on imports of U.S. farm products. If we give in to such protectionists, for short-run advantage, and raise our tariff walls, *other countries will retaliate by raising theirs.* Eventually we'll lose much of our large and expanding foreign markets. As I see it, our best choice lies in moderate, reasonable import policies. We will lose, in the long run, if we become overprotectionist.

A closer look at the overseas market and at the trade policies that have helped develop it.

In 7 years as Secretary of Agriculture, this has been one of my prime interests. Total agricultural exports have grown from $4.5 billion in fiscal 1960 to $6.8 billion in fiscal 1967. Over that period exports for dollars alone rose from $3.2 billion to $5.4 billion. Total exports for dollars continue at high levels this year.

In the 7 years from 1961 through 1967, our agricultural exports contributed over $32 billion to the U.S. balance of payments, including the value of foreign currencies and farm products utilized in lieu of dollars by government agencies abroad. Stated another way: without these agricultural exports, our balance of payment deficit would have been $32 billion larger.

Farm products make up only 22 percent of total exports. Yet they account for over *50* percent of the Nation's favorable trade balance.

And farm exports also supply nearly a million jobs in labor and business: transportation, warehousing, processing, packag-

From remarks by the Secretary to the 1968 National Farm Institute, Des Moines, Iowa, February 15, 1968.

ed Bargaining Power–Here and Abroad

ing, freight forwarding, financing, and insurance.

Benefits of foreign trade to farmers seem obvious, but need constant reiteration in today's political atmosphere. The 70 million acres we harvest for export are equivalent to the *total* harvested acreage of Minnesota, Iowa, Missouri, and Illinois. We export some two-thirds of our rice production; over half the wheat; more than a third of the soybeans and grain sorghums; more than a fourth of our flaxseed.

It is vital to farmers and the Nation that we keep and expand this market. Yet a lot of protectionists fail to put much value on exports. They choose to overlook the fact that if we expect to sell we must also buy. They would endanger our valuable agricultural export program, which depends in large part on our willingness to accept imports from the countries to which we sell.

How the international trade war of the 1930's gradually gave way to the concept of "orderly trading."

The U.S. Tariff Act of 1930—the Smoot-Hawley Act—erected high walls against agricultural imports. The idea was to reduce competition with our own production. But, as we raised our tariffs, the countries we traded with raised theirs. From 1931 through 1934, as this international trade war raged, our agricultural exports dropped to an average of about $800 million a year, compared to $1.8 billion in the preceding 4 years, a decline of over 60 percent.

During this period our wheat exports dropped 57 percent; corn shipments, 72 percent. Among major export commodities, we held our own only in tobacco and cotton—products not produced in volume in Europe.

It took us 30 years to overcome the Smoot-Hawley Act. But, through passage of the Reciprocal Trade Agreements Act and negotiation of the General Agreement on Tariffs and Trade, we moved back toward more liberal export-import policies. Without these policies, we wouldn't have our present export volume of nearly $7 billion annually.

Over the years we've sought "orderly trading" in the international area, just as we seek "orderly marketing" in the domestic area.

Orderly trading calls for reasonable protec*tion* of our agriculture—not protection*ism*. There's a big difference. Reasonable protec*tion* allows trade to flow. It permits comparative advantage to function with relative freedom for the good of all. Protection*ism*, by completely shielding inefficient producers from competition, stifles trade.

The U.S. beef quota law illustrates what I mean by "reasonable" protection.

In the early 1960's our only market protection on beef was a modest duty. Other countries, however, were becoming *more* protectionist. The EEC was perfecting its variable levies. The United Kingdom had a domestic support system that made it less profitable for exporters to sell there than in the United States. Japan had strict quotas. Quantities of fresh, chilled, and frozen beef and veal were coming to the United States from exporters who found it impossible—or much less profitable—to sell elsewhere.

Heavy imports of these products in 1963 led to enactment of the meat import law of 1964. This quota law shares our growing beef market with foreign producers, yet keeps the United States from being a beef dumping ground for the rest of the world.

Actually, we haven't had to impose quotas as yet. So the quota law has been standby protection up to now. But if we *did* have quotas, the limit on imports would be about 6.7 percent of domestic production. Actual imports the past 2 years have not exceeded 6 percent of production.

We can and do take drastic action if imports undermine our price support programs. In one year, from 1965 through 1966, dairy imports jumped 300 percent. They were still climbing in the early months of 1967. The influx obviously represented evasion of Section 22 quotas.

I recommended to the President that the evasion be halted.

After the required investigation and hearings were completed, the President took sharp and decisive action to restore orderly marketing. Dairy imports were cut back 300 percent, to the 1961-65 average of about one billion pounds milk equivalent. This amounts to less than one percent of our 1967 dairy production, which totaled 120 billion pounds.

In trade disputes, protectionist actions may win a short-term battle with imports but destroy foreign markets.

A few years ago we withdrew some of our concessions on foreign-produced items when GATT ruled that the European Economic Community, in withdrawing some of *its* concessions on poultry, had impaired our trade. Now, the Treasury Department is considering the imposition of countervailing duties on subsidized canned hams and tomato paste coming into the United States from the EEC, so as to offset the artificially low prices of these products.

These are *selective* actions. We intend to keep on pressing other countries to ease their import restrictions and use of subsidies. But we must be willing to respond ourselves on a *selective* basis when we don't get positive responses.

We *must* be selective. As the largest agricultural exporter in the world, we'd lose the most in a global protectionist trade war.

If other nations conclude that we are acting in an unreasonable and protectionist manner, that we are shutting them out of our markets unfairly and without justification, they are perfectly capable of shutting us out from theirs. This happened in the early 1930's.

Before we put on import controls we must be certain:

- that there is a clear and present need for additional protection;
- that the protective instrument we choose fits the need;
- and that the dollars-and-cents cost of our action in lost exports will not be way out of proportion to the benefits it brings to some of our producers.

In other words, we have to ask ourselves: just whose ox is eventually going to get gored?

Unless we follow these pragmatic tests, American farmers can get hurt, and hurt badly. There's a law of physics that reads: "For every action there is an equal and opposite reaction." It could well be applied to international agricultural trade. If by precipitate, unreasonable action in one area we invite retaliation against some other segment of U.S. agriculture, we haven't gained a thing. We've actually lost, all of us.

In our foreign agricultural trade policy, as in domestic farm policy, it is very easy to lose sight of the forest and see only the individual trees—to chop away at the parts, and by so doing, to undermine the whole.

In point of fact it is impossible to separate trade from aid, domestic agriculture from the world market, a condition recognized in the design of today's farm programs.

The Food and Agriculture Act of 1965 allows our basic commodities to move freely in world trade, while at the same time providing for support of domestic farm income. Food for Freedom allows us to meet our foreign policy objectives, to build future markets for dollar sales abroad, and to move large quantities of domestic production overseas. Other parts of the whole—Section 32 purchases, for instance—allow us to move temporary oversupplies of any one commodity into human use through various domestic food aid programs.

Bargaining legislation must be meshed into this complex of basic programs, so that it becomes a workable part of the whole.

Rice Highlights in Four Asian Countries

Record rice crops were harvested in three of Asia's major producing countries—Japan, India, and the Philippines—while in a fourth—Thailand—unfavorable weather reduced output.

The harvests in each of these countries are having varied effects on prices. Despite the record crop in Japan, prices continue to increase. In India and the Philippines, prices began to decline some as soon as crop prospects became evident. Thai prices of most grades for both domestic consumption and for export were higher in 1967 than in the previous year, reflecting the anticipated smaller crop.

Japan's output tops consumption

In 1967—for the first time in 6 years—Japan's production of rice exceeded its annual requirement. Output totaled 14,451,000 metric tons, brown basis, 13 percent above the 1966 level and 11 percent higher than the previous record set in 1962. The harvest was equivalent to 18,064,000 tons of rough rice. Largely responsible for this peak production was unusually favorable weather—high temperatures, abundant sunshine, and minimal typhoon damage—combined with improved production techniques and use of better varieties.

Production in the near future is likely to hold fairly steady since maximum acreage has about been reached and further gains in output will have to come from higher yields. Last year, planted area totaled 8,060,000 acres, up 0.3 percent from 1966.

Gains in rice production are showing up in import figures. According to the Food Agency, production is sufficient to meet the nation's needs, and imports will continue on only a small scale to balance trade with certain Asian nations. During the 1966-67 rice year (November-October), imports totaled 474,522 metric tons, down sharply from the 893,148 of 1965-66 and the 919,810 of 1964-65. The United States supplied 97,077 tons in 1966-67. Of the remainder, 178,112 came from Mainland China, 124,772 from Thailand, 52,495 from Taiwan, and 22,066 from Spain.

For the 1967-68 rice year, the Food Agency has tentative plans to import 30,000 tons of low-grade long grain, 30,000 tons of glutinous rice, and 100,000 tons of brokens from Thailand. In addition, Japan recently purchased 55,000 metric tons of rice from Taiwan and is considering purchasing the same amount from Mainland China.

Domestic consumption rose to 11,921,000 metric tons, milled basis, in the 1967 rice year, 259,000 tons more than in 1966. For 1968, consumption is expected to rise to about 12,120,000 tons because of population increases and greater use of rice in brewing sake. Per capita consumption has actually dropped slightly since 1963 as use of wheat flour increases.

Rice prices are fixed by the government, which purchases the crop from producers and sells it to wholesalers. The government raised the average price paid to growers by 9.2 percent for the 1967 crop, the same amount by which it was raised in the previous 2 years. The consumer price was advanced 14.4 percent in 1967, compared with 8.6 percent in 1966, 14.8 percent in 1965, and no change in 1964.

Indian food situation eases

The 1967-68 rice crop in India is unofficially estimated at a record 61.5 million metric tons, rough basis, up from 45.7 million in 1966-67. This, along with anticipated good crops of other foodgrains, will ease the tight food situation caused by poor harvests in the past 2 years.

Favorable weather has undoubtedly been the chief reason for this season's greatly improved output. Another contributing factor has been the use of higher yielding varieties and double cropping. In one area alone, the Tanjore district of the State of Madras, this year's crop may be over 20 percent larger than last year's as a result of planting a new, higher yielding variety—ADT 27—on double-cropped land. (See *Foreign Agriculture*, March 4, 1968, for details on the Tanjore project.)

Improved rice production has already had a favorable effect on marketing and prices. During July-October 1967, rice arrivals in 256 selected markets were 54 percent higher than in the same period of 1966. The price index for rice dropped 17 percent during September-December.

India will still have to import substantial quantities of grain this season despite its good crops. According to unofficial estimates, imports will include at least 400,000 tons of rice for distribution in deficit areas. Rice imports in 1966-67 totaled about 700,000 tons, and in the first half of 1967-68 (July-December), 200,000 tons. These figures do not include the overland imports from Nepal handled by private traders. Published data show that these totaled about 44,000 tons in 1966-67 although they are believed to have been higher.

Philippines may not import

With nearly 80 percent of the 1967-68 rice crop harvested by early February, the Philippines was certain to have its largest

output on record. Production is officially estimated at about 4.3 million metric tons, rough basis, up 4 percent from the 1966-67 level. The rise is attributed primarily to an increase in the average yield since acreage was up only 1.5 percent.

Supplies of rice during 1967-68 are expected to exceed consumption requirements by over 500,000 metric tons, milled basis, as a result of the good crop, carryover stocks, and sizable imports during the second half of 1967. Thus, prospects for imports during calendar year 1968 are uncertain. The National Economic Council announced recently that at present it will not authorize the Rice and Corn Administration (RCA) to import any rice on the belief that imports would tend to discourage farmers from expanding production, nullifying the government's goal of surplus rice production. Net imports of milled rice in 1967 totaled 289,411 metric tons. Actually, 377,258 tons were contracted for, but 35,510 were cancelled and 52,386 were re-exported or diverted because of good domestic supplies.

Although there has been some talk about rice exports, it is unlikely that any substantial quantities will move this year. Some IR-8 seed has been exported, and it is expected that some more will be exported in the future.

Rice prices maintained a steady downtrend during July-December 1967 as supplies from the new harvest entered the market. In December, farm prices dropped below the government support level since many farmers sold their crops to private traders rather than wait for the government to begin its buying operations. Prices may drop some more during the first quarter of the current year when the bulk of the new harvest is put on the market.

Looking to the 1968-69 crop year, the government hopes to increase production by at least 12 percent over the 1967-68 level. Government efforts continue to be directed toward increasing the area under irrigation and making available sufficient supplies of fertilizers, pesticides, and credit. Supplies of seed from high-yielding varieties—particularly IR-8 and BPI 76—are now more than adequate to meet farmers' needs.

RCA reports that since the start of the government's rice expansion program about 2 years ago, the area of irrigated rice land has increased by about 334,000 acres, bringing the total area under irrigation to approximately 865,000 acres during the dry season and 1,600,000 during the wet season. The area in new varieties during 1967-68 is estimated at 741,000 acres, compared with about 143,000 in 1966-67.

As rice production continues to increase, some once major problems have become major obstacles to attaining self-sufficiency in this important cereal. Among them are the shortage of warehousing and drying facilities and insufficient funds for the government's price support program. Many farmers are producing more rice than they can dry, and a sizable amount of the last harvest was lost because of sprouting and fermentation.

Thailand's exports decline

Production in Thailand dropped to 10.0 million metric tons from a 1966-67 level of 12.0 million, according to the Thai Rice Department, as drought hindered planting well into August. If the drought is not repeated this year, output is expected to recover. The Thai Government continues to encourage increased production through improved cultural practices, higher yielding varieties, and pest control. The Royal Irrigation Department plans to build additional tributary canals in rice areas, and the Ministry of Interior is pushing hard for more double cropping. Planting of two rice crops per year is not currently practiced on a large scale.

Exports of rice in calendar year 1967 totaled 1,442,762 metric tons, a decline of 17,618 tons from the 1966 level. Although exports picked up in the fourth quarter, these were insufficient to offset declines during the first 9 months. Largest markets were Hong Kong, India, Indonesia, Malaysia, Japan, Singapore, and the Philippines. Thailand's rice export allotment is now set on a monthly basis. The total allotment for January-March 1968 is 225,000 tons, compared with 468,184 exported a year ago. This year's allotment could change as more information on the current crop and the stock situation becomes available.

Prices—both domestic wholesale and export—were higher for most grades of rice in 1967 than in 1966. Export prices are likely to continue at a high level as long as the monthly export allotment is less than 100,000 tons. If the final estimate of rice production—due at the end of this month—shows a larger output than is currently expected and a favorable supply situation for the quarter, prices could taper off.

U.S. Fertilizer Exports to India Reach Record

The United States last year shipped India a record 1.6 million metric tons of fertilizer valued at $103 million. This represents a gain of over 450,000 tons in quantity and $26.4 million in value from the 1966 level and is about eight times the value recorded just 3 years earlier.

Sharpest gain was in exports of ammonium phosphate, which have risen from 3,499 tons valued at $254,000 in 1964 to 826,320 tons at $63.9 million in 1967. The trend toward greater use of blended fertilizers has created this expanded demand for ammonium phosphate, which provides farmers with nutrients of nitrogen and phosphorus.

Prior to 1967, ammonium sulfate had been the leading ingredient among American fertilizer exports to India. U.S. exports of ammonium sulfate to India rose from 235,430 tons valued at $8.3 million in 1964 to a peak of 780,093 at $41.6 million in 1966. But in 1967 the total settled back to 698,982 tons with a value of $32.2 million.

U.S. exports of potassium chloride to India reached a record 45,107 tons in 1967 for a value of $1.7 million. East Germany and Hungary have traditionally been the important sources of potash fertilizers, all of which are imported.

About 75 percent of U.S. fertilizer exports to India in the last 2 years has been financed through AID, compared with over 90 percent before 1965. Shipments through other arrangements increased from about $1 million in 1964 to $25 million in 1967. Part of this includes commercial sales to the Government of India and international firms.

The United States accounted for about one-third of India's total $300-million fertilizer import in 1967. Another 25 percent of the import moved in from the USSR and Eastern Europe; the State Trading Corporation arranged most of these imports, which were predominantly of potash.

Credits from Asian banks and international loans enabled India to import about 267,500 tons of urea from Japan in 1967, compared with 142,900 in 1966. Japan supplied about 10 percent of India's imports of nitrogen fertilizer in 1967.

Most of the countries in Western Europe also send some urea to India, particularly the EEC countries. New sources for Indian imports of urea in 1967 included: Poland, 43,800 metric tons; Spain, 24,554; Kuwait, 16,000; and Taiwan, 8,000.

Capsule Review of India and Its A

Agriculture is the largest single sector of India's economy. It accounts for about one-half of both the country's national income and its foreign exchange earnings, occupies about 42 percent of the land, and employs about 70 percent of the labor force.

Area in agriculture. About 340 million acres are sown to crops each year; about 50 million acres of this are sown more than once a year.

Cropping. The crop year has two main seasons—kharif and rabi. Kharif crops—75 percent of total production—are harvested in fall and winter. Rabi crops are harvested in the spring.

India grows most of the world's agricultural crops. It ranks first in the production of sugarcane, tea, peanuts, and sesame—is a leader in production of rice, grain sorghum, wheat, tobacco, cotton, jute, and castorseed.

Yields for most crops vary from one-fifth to one-half of those in the United States. However, yields vary with place and use of agricultural inputs; before 1966 India's fertilizer use was only one-seventh the world average. Programs to boost yields showed in 1967-68 season.

Size of farm. Farming is mostly small scale. About 62 percent of the cultivators farm less than 5 acres; 31 percent, 5 to 20 acres; 6 percent, 20 to 50 acres; and 1 percent, more than 50 acres.

Draft animals and tractors. Bullocks, camels, and buffaloes provide all but a small percent of the power for farming operations in India and a good part of the power for rural transportation. An estimated 60,000 tractors were in use in 1967 compared with 20,980 in 1956.

Grain marketing. Only an estimated one-third of the foodgrain produced in India enters marketing channels. The remainder is consumed on the farm or traded locally. In recent years, the government has exercised considerable control over distribution and prices of the grain in marketing channels, including imports.

Farm families. India has over 60 million farm families. The average rural household is 5.2 persons.

Farm wages. Male agricultural workers receive an average of 2 to 3 rupees (27 to 40 U.S. cents) a day. Female agricultural workers average 20 to 25 percent less. Wage rates in southern States are generally somewhat lower than in northern.

Irrigation. Out of an estimated annual river water flow of about 1,360 million acre-feet, about 450 million acre-feet could be used for power and irrigation. It is estimated that about one-third of the usable flow was being used in 1965-66. Net irrigated area was estimated at 86 million acres in 1965-66.

Crops. Total production of foodgrains is taken to be the combined output of cereal grains and pulses. *Rice* is the most important foodgrain, wheat next. Pulse crops include chickpeas, pigeon peas, black and green peas, and cowpeas.

Sugarcane production has been reduced in recent years, apparently because of the increased profitability of grain. India has about 40 percent of the world's *peanut* acreage and one-fourth to one-third of its production; production in 1967-68 is estimated to be an alltime high.

Manufactured *jute* is India's leading export. *Tea* is the second largest foreign exchange earner. *Fruit and vegetable* acreage is estimated at about 111 million acres, about equally divided between the two. Nearly half the area in fruit is devoted to the *mango*, sometimes called the national fruit.

Livestock population of India in 1966 was estimated at 367 million head—194 million cattle, 58 million buffaloes, 41 million sheep, 65 million goats, 1.35 million horses and ponies, 7.3 million head of other livestock. Poultry numbers were an estimated 150 million.

Estimated average per capita availability of milk in 1966 was 4.1 ounces per day compared with minimum nutritional requirements of 10 ounces recommended by an Indian nutritional advisory committee. About 90 percent of India's milk is produced by cows and buffaloes owned by small farmers.

In some States, slaughter of cattle under 15 years of age is prohibited. There is less prejudice against slaughter of buffalo. Goats are a major supplier of meat, also provide milk and leather. Sheep produced about 77 million pounds of raw greasy wool in 1966.

Information on this page and the next supplied by Office of the U.S. Agricultural Attaché, New Delhi.

Glossary of Terms Related to Indian Agriculture

Words Related to Crops

Bajra—Spiked millet or pearl millet.
Ghee—Clarified butter in semiliquid form.
Gram—Chickpeas.
Groundnuts—Peanuts.
Gur—Farm-made unrefined brown sugar; comes in irregular shapes or solid masses.
Jaggery—Coarse dark brown sugar from sugarcane or palm sap.
Jowar—Milo or grain sorghum.
Kharif—Fall and winter crop season.
Kuruvai—Short-term first paddy crop.
Mesta—Fiber crop similar to jute.
Paddy—Rough rice.
Rabi—Spring crop season.
Ragi—Small millet.
Sesamum—Sesameseed, an oilseed crop.
Tur—Pigeon peas.

Units of Measure and Money

Bigha—Rural land measurement. Value varies. In West Bengal, 1 bigha is equal to 1/3 acre; in Rajasthan, 1 bigha equals 2/5 of an acre; in Gujarat, 1 bigha equals 1-3/4 acres.
Hectare—Equals 2.471 acres.
Kilogram—Equals 2.205 pounds.
Maund—Varying unit of weight. A railway maund equals 82-2/7 pounds.
Quintal—100 kilograms or 220.5 pounds.
Rupee—Equivalent to 13.33 U.S. cents. Before June 6, 1966, it was worth about 21 cents. There are 100 paise in a rupee.

Miscellaneous Terms

Agricultural year—From July 1 through following June 30.
Cultivator—Farmer.
Fiscal year—April 1 through following March 31. Trade statistics cover the same period.
Godown—Warehouse. Term used throughout Asia.
Hat—Periodical local market, commonly held once a week.
Kidan—General name for peasant cultivator.
Mandi—Local grain-marketing center.
Ryot—Another name for peasant cultivator.
Taccavi loans—Government production loans to farmers.
Zamindary—System of land ownership in which the tenant pays rent to the zamindar, or landlord, who pays land taxes to government.

ts Agriculture

LAND UTILIZATION IN INDIA, 1964-65

Land usage	Area
	Million acres
Sown to crops	340
Sown to crops more than once	50
Total cropped area	390
Nonagricultural	37
Forests	151
Barren and uncultivable	87
Permanent pastures, grazing	37
Miscellaneous tree crops and groves not in cropped area	10
Cultivable waste	43
Fallow	50

PRINCIPAL INDIAN CROPS: 1966-67

Crop	Area	Production
	1,000 acres	*1,000 metric tons*
Foodgrains:		
Karif cereals:		
Rice	87,962	30,440
Jowar	44,480	8,944
Bajra	30,784	4,503
Corn	12,506	4,991
Ragi	5,866	1,600
Small millets	11,663	1,671
Rabi cereals:		
Wheat	32,457	11,528
Barley	7,065	2,449
Total cereals	232,783	66,126
Pulses:		
Gram	19,805	3,612
Tur	6,135	1,731
Other	29,059	3,579
Total pulses	54,999	8,922
Total foodgrains	287,782	75,048
Oilseeds:		
Groundnuts (in shell)	17,917	4,485
Castor	1,018	81
Sesamum	6,593	404
Rape and mustard	7,400	1,245
Linseed	3,771	274
Total oilseeds	36,699	6,489
		1,000 *bales*[1]
Fibers:		
Cotton	19,358	[2]5,600
Jute	1,972	5,348
Mesta	786	1,214
		1,000
Other crops:		*Metric tons*
Sugarcane (gur)	5,755	9,494
Black pepper	252	23
Chilies (dry)	1,665	403
Ginger (dry)	53	21
Tumeric	145	113
Tea	[3]840	[3]376
Coffee	[3]326	78
Potatoes	1,164	3,462
Tobacco	983	350

[1] Each bale 180 kilograms (about 397 pounds).
[2] Trade estimate.
[3] Estimated by office of Agricultural Attaché. Unrevised official estimates except as noted.

Bullocks, such as those threshing rice above, are a common source of farm power.

The Country as a Whole—Size, Climate, Population

Independent since 1947, India is a republic and a member of the British Commonwealth, has 17 States and 10 territories.

Size. Total geographic area is about 1.26 million square miles, or 808 million acres—less than half the size of the 48 conterminous U.S. States.

Population. Estimated population of this second most populous country in the world in mid-1967 was 511 million—more people than in Canada, the United States, and all of Central and South America. Uttar Pradesh, India's most populous State, has more people than any country in Western Europe. Population is increasing 2.5 percent a year. Estimated average life expectancy is now 50 years, compared with 32.6 years in 1951.

Family planning. The government has adopted a countrywide family-planning program aimed at stabilizing the country's population "at a level consistent with requirements of national economy."

Climate is monsoon-tropical. Rainfall averages 42 inches a year, but varies in different areas—from less than 5 inches to more than 480 inches. Except for the Madras coast, the major share of rain falls in June through September.

The recognized seasons are: *Monsoon,* or rainy—June-September; *retreating southwest monsoon*—October, November; *cold weather*—December-March, and *hot weather*—April, May.

Labor force is estimated at about 188.4 million. Of these, 179.4 million are employed (some only partly) and 9 million are unemployed. Agricultural workers are estimated at 131 million.

Income. In 1966-67, national income was $19.9 billion, $40.07 per capita. Highest income year so far was 1964-65 when national income reached $20 billion.

Diet.—Most Indians rarely eat meat, although only about 20 percent are vegetarian. Rice is the staple food of some 75 percent of the population. Average daily per capita foodgrain supply in recent years has been about 14 ounces (1,400 calories). In addition, the average Indian daily diet includes about 650 calories from pulses, sugar, oils, fruits, vegetables, milk, and meats (mostly poultry).

Australia Reaps Smaller Wheat, Rice Crops

Australia's 1967-68 wheat crop is now estimated at 280 million bushels, down substantially from last season's 462 million. The rice crop is expected to be somewhat smaller than in 1966-67 owing to a shortage of irrigation water.

According to an official announcement, the Australian Wheat Board expects to receive only about 245 million bushels from this year's harvest, with the remainder of the crop held on farms for seed and feed. The Board anticipates a record delivery from Western Australia, which will help offset reduced quantities from South Australia, Victoria, and New South Wales.

The decline in this year's harvest resulted primarily from drought-reduced yields, as planted area was at a record 23 million acres.

Carryover from the 1966-67 crop totaled 80 million bushels at the end of November 1967, bringing the Wheat Board's total availability this year to 325 million bushels.

Promise in Western Australia

Western Australia may be expected to continue its good showing in wheat deliveries. This year, use of nitrogen fertilizers on commercial-scale demonstration plots throughout the State's wheat belt caused yields to be substantially higher than those on test strips without nitrogen in the same fields.

Best results were obtained on light soils. On one demonstration property, the yield averaged 34.1 bushels per acre, 21 bushels more than on test strips sown without nitrogen. Most other properties showed yield increases of from 8 to 12 bushels per acre.

Farmers invited to help harvest the demonstration wheat and measure the yields are believed to have been impressed by the results, and many who were previously skeptical about nitrogen fertilizers are expected to begin using them. In view of the excellent results this year, nitrogen fertilizers may be used on nearly every farm in the State within a short time. Consequently, wheat production in Western Australia can be expected to increase by about 30 percent in the next few seasons, on the basis of current acreage. However, since a large area of land with light soil is available for development and the tests showed best results on this type of soil, it is likely that land previously considered unsuitable for wheat may now be planted to this crop.

Rice crop down

The 1967-68 rice harvest is currently placed at about 195,000 long tons, 17,000 tons below last year's. Although the area approved for planting totaled some 75,000 acres, it appears that only about 70,000 will be harvested as a result of short supplies of irrigation water, particularly along the Murray River. Above-average yields expected in the Murrumbidgee Irrigation Area will not be sufficient to offset the reduced area and substantially reduced tonnage in the Murray River Valley.

Demand for Australian Rice has been good this season, and the coming crop is expected to be sold without difficulty. (The 1966-67 crop is now entirely committed, and although shipment has not yet been completed, storage space will be empty by the time the new crop is in.)

Australian exports of all kinds of rice in the final 6 months of 1967, at 65,503 long tons, were up from 56,333 in the same period of 1966. The largest single category in both years was milled rice (white, cleaned or polished, whole), at 48,964 tons in the last half of 1967 and 42,402 in July-December of the previous year. Second was broken rice, with 11,099 and 9,002 tons, respectively. Largest market for both in 1967 was Okinawa. Australia also exports paddy (rice in the husk), milled rice (not polished or glazed), and brown rice. These three kinds go entirely to Asian and Pacific destinations.

One plan for further development of rice production involves the Burdekin Basin in Queensland, where many growers are making trial plantings of long-grain Blue Bonnet. In the absence of a water-storage facility on the river, the maximum acreage available for irrigated rice is about 1,500 acres with a production potential of 5,000 tons. Construction of the proposed Burdekin Dam would alter the situation considerably, making thousands of acres available. However, it appears unlikely that funds for the dam will be forthcoming in the near future, and Burdekin rice production is expected to remain relatively insignificant for some time to come. —*Based on dispatches from* FRED M. LEGE III
U.S. Agricultural Attaché, Canberra

Ecuador Trades With East Europe

Ecuador is shipping agricultural products to East European countries in increasing quantities under terms of recent trade agreements. A Polish mission visiting Ecuador recently completed negotiations for a $10-million credit under an agreement signed in September. The $10 million is for the purchase of machinery and other manufactured goods. In return Poland will purchase $8 million worth of Ecuadoran bananas, coffee, cocoa, and rice.

On December 4, 1967, Ecuador and Hungary signed a trade agreement extending most-favored-nation treatment with few exceptions. Specifically stipulated is the necessity of maintaining a balance of trade between the two countries. Hungary has already purchased $1 million worth of Ecuadoran coffee and bananas; Ecuador is reportedly interested in obtaining railroad equipment from Hungary.

FAO Announces WFP Pledges

Among the countries promising financial aid to the World Food Program at its January 8 pledging conference, Canada was the top contributor outside the United States.

At the conference, Canada promised to contribute the equivalent of $20 million in aid to the World Food Program during 1969 and 1970, with about 25 percent of the aid in cash and the balance in commodities. This represents Canada's third consecutive pledge increase.

Among the other leading supporters of the Program, pledging commodities and cash were: Denmark, $8.4 million; the Netherlands, $7.2 million; Sweden, $6.0 million; West Germany, $6.0 million; Norway, $3.1 million; France, a little more than $2 million; Australia, $1.6 million; Austria, $1.0 million; Italy, $1.0 million; Japan, $940,000; India, $500,000; and Switzerland, $497,685. Together with Canada, these countries accounted for nearly 49 percent of the total pledges submitted on January 8. The 13 nations' pledges included $38.36 million worth of commodities.

In all, 47 countries have pledged a total of about $119 million to the Program; nearly half of this will be coming from the United States under its agreement to match the total of commodities contributed by other countries.

(See the January 29, 1968, issue of *Foreign Agriculture* for more details on the U.S. pledge and the functions of the World Food Program.)

Asian Trade in U.S. Soybeans and Feedgrains

A team of marketing specialists recently sent to the Far East to promote exports of U.S. feedgrains and soybeans has reported that the strong Japanese demand for both commodities should increase and that market prospects in Taiwan are good.

Japan is the leading customer for U.S. farm products and strictly a dollar market, buying nearly $1 billion worth a year. About $200 million each in soybeans and feedgrains is bought annually. Japan's purchases of both commodities are expected to increase at an annual rate of approximately 10 percent a year for the foreseeable future, with the United States getting the greater share of the market, the trade team reports.

In Japan, team members visited Showa Sangyo Company's Kawasaki Feed Mill and oilseed crushing facilities with the company's Vice President Kiyoski Hirano (above, center).

More cash sales to Taiwan

Taiwan, formerly a food aid recipient, now buys U.S. agricultural products chiefly for cash. It already buys about $20 million worth of U.S. soybeans a year and is expected to increase its purchases of both soybeans and feedgrains to expand its livestock industry, the team reports.

While the Japanese market is growing, so is the competition to serve it, according to the team. U.S. corn has encountered increased competition from Thailand, Argentina, and South Africa. Oilseed competition is also on the increase, lately with sunflowerseed from the USSR.

In Japan, team members conducted several days of discussions with government and trade officials on trade questions and problems. They report Japanese complaints about high moisture, broken kernels, and foreign material content of U.S. corn. They also found concern among Japanese feed manufacturers about the high price of grain sorghum in relation to corn in view of the large amount of grain sorghum now used in mixed feeds.

With regard to soybeans, the team found that the Japanese are concerned about the variability in oil and protein content of U.S. beans and would like to see these factors included in official and trading standards. The Japanese continue to stress the relationship of soybean price to other competitive oilseeds as a major factor in trade expansion.

With the United States the major dependable source of supply to Japan for both feedgrains and soybeans, the team reports that the Japanese are vitally concerned about the continuity of shipping from this country. Thus, they continue to urge placement of feedgrains on the West Coast at prices which will equalize delivered prices (in Japan) with those of supplies from the Gulf.

In Taiwan, the team met with all major segments of the livestock and oilseed industries, as well as with numerous government and semi-government organizations.

Taiwan has had little experience with U.S. feedgrains in view of lower cost supplies available from nearby countries, such as Thailand. The team found, however, that for a 3- or 4-month period beginning this spring there should be good sales opportunities for U.S. corn.

Taiwan is importing no U.S. grain sorghum, now at a tariff disadvantage compared with corn. The team asked that the rate of 7.5 percent ad valorem for sorghum be reduced to the corn level of 5 percent.

Growing livestock industries

In Taiwan, a major expansion is underway in production of hogs and poultry which is expected to bring further modernization and expansion of the mixed feed industry as well as increased demands for feedgrains and soybeans.

1968 Store Promotions

USDA's in-store promotion projects for this year are already underway, with across-the-counter backing for hundreds of American products in foreign food markets. Following is the in-store promotion schedule for early 1968. (Dates are subject to change.)

February 28-April 10, United Kingdom. Joint food and restaurant promotion with U.S. Department of Commerce at Harrod's department store, located in London.

March 18-30, Denmark. Irma organization; 180 self-service food stores, including 34 supermarkets.

March 28-April 6, Sweden. Normmalms Livemedals organization; 26 supermarkets in Stockholm.

April 2-7, Japan. Daimaru department stores in Osaka, Kyoto, and Kobe.

April 5-21, Japan. Meidi-ya food store organization, Tokyo.

April 5-May 5, Japan. Kinokuniya supermarkets, Tokyo.

April 6-18, Japan. Isetan department store, Tokyo.

April 18-30, France. INNO-France supermarkets, chiefly in Paris.

April 22-May 4, Netherlands. Albert Heijn organization; 360 self-service stores, including 34 supermarkets.

May 6-11, Germany. KOMA (south) organization; 1,300 self-service food stores in the area from Cologne to Wiesbaden.

May 9-18, Belgium. 32 supermarkets of Delhaize Freres & Cie, nationwide.

May 13-19, France. SPAR organization; 7,000 self-service stores, nationwide.

May 16-22, Germany. 350 VeGe self-service supermarkets in the Essen area.

May (dates to be announced), United Kingdom. Cardiff, Wales.

July 4-17, Philippines. New Frontier supermarket chain, Quezon City.

U.S. firms desiring further information about this program and how to make contacts with foreign buyers write: International Trade Fairs Division, FAS, USDA, Washington, D.C. 20250.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between February 20 and February 28, 1968, the prices of Manitoba No. 2 and Russian 121 wheats were down 1 cent, while the price for U.S. No.2 Dark Northern Spring was down 3 cents. Of the low-protein wheats, U.S. No.2 Soft Red Winter showed the largest decline with a 4-cent drop. The price for No. 2 Hard Winter, 12 percent, was down 1 cent, while Argentine wheat remained unchanged.

South African White corn was down 4 cents during the week, while both U.S. No.3 Yellow and Argentine Plate were 2 cents lower.

Following is a listing of the prices:

Item	Feb. 28	Feb. 20	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.00	2.01	2.19
USSR 121	1.92	1.93	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.91	1.94	2.05
U.S. No. 2 Hard Winter, 12 percent	1.81	1.80	1.96
Argentine	1.80	1.80	1.92
U.S. No. 2 Soft Red Winter	1.73	1.77	1.93
Corn:			
U.S. No. 3 Yellow	1.39	1.41	1.61
Argentine Plate	1.56	1.58	1.63
South African White	1.43	1.47	1.60

[1]Not quoted

Note: All quotes are c.i.f. Rotterdam and for 30- to 60-day delivery.

Colombian Corn Yields Improve

Corn production in Colombia in 1967 is officially estimated at 850,000 metric tons, 6 percent higher than in 1966. The larger crop is due entirely to increased area planted to corn, which, at 790,000 hectares, was 13 percent above the previous year's.

Favorable corn prices at the beginning of the 1967 planting season were the main factor behind the area increases. In addition, the Colombian Government increased substantially the amount of credit and technical assistance to corn growers in an effort to stimulate production of this important food item. However, because of poor weather conditions, particularly in the Atlantic coast area, the national average yield per hectare declined approximately 6 percent in 1967.

The Colombian Ministry of Agriculture is predicting a further increase in corn production in 1968. The present forecast is for a crop of 950,000 tons, up 12 percent. This forecast is based primarily on an expected further increase in the area planted to corn. The government is again expanding the amount of credit available to corn farmers, by approximately 8 percent over last year. Yields are expected to be increased by improved weather and better cultural practices.

Colombia's corn consumption during 1967 is estimated at 850,000 tons, the same as estimated production. Corn imports for consumption purposes are prohibited. Only small amounts of seed imports are allowed. Consumption by categories is estimated as follows: 160,000 tons for animal feed, 10,000 for industrial uses, 16,000 for seed, and 664,000 for food.

In January 1968, the government established a new corn support price of 1,200 pesos per ton ($1.93 per bu.), which is 23 percent higher than last year. However, this new support price is still below the current market price of 1,450 pesos per ton ($2.33 per bu.). Much of the increased support price has, of course, been absorbed by internal inflation.

Brazilian Rice Prospects Good

Brazil's 1967-68 rice crop is unofficially estimated at 7.0 million metric tons (rough rice basis), an increase of about 25 percent over last season's outturn. Early intentions to increase plantings and good weather and yield prospects are largely responsible for the optimistic production outlook.

Rice stocks are higher than those of last year, with an estimated 150,000 metric tons available for export. However, the internal price continued quite high through January (primarily as a result of a recent 45-day extension of financing under the minimum price program). Exporters expect rice shipments to be negligible until the beginning of the 1967-68 harvest in March.

Brazil's whole-grain rice exports during January-December 1967 fell sharply to 20,070 metric tons of husked rice (f.o.b. value of US$3,597,000), from 227,544 (US$28,656,000) for January-December 1966, according to the Bank of Brazil. Broken rice exports were also off, to 11,000 tons (husked rice basis) from 63,000 during 1966.

The minimum export price for rice was eliminated on January 26, 1968. This gives exporters a little more leeway in pricing Brazilian rice for export. However, government supervision will be maintained.

Spain To Up Corn, Grain Sorghum Output

The Spanish Government recently announced a program aimed at increasing the acreage planted to corn and grain sorghum and doubling the production of these two grains over the next 4 years. Increased acreages of corn and grain sorghum will cause reduction in the area planted to wheat, which Spain has produced in heavy surplus in recent years.

Under the new program, the Ministry of Agriculture will provide both technical and financial assistance to growers. A subsidy will be provided for seed and fertilizer to the extent of 50 percent and 20 percent, respectively, during the first 2 years and 25 and 10 percent in the remaining 2 years. The Ministry will also furnish up to 20 percent of the cost of insecticides.

The government will continue the present system of support prices, as well as import levies, which assures that prices of imported grains will not go below stipulated threshold prices.

Additionally, under new marketing rules growers will be allowed to repurchase their grains from the government in case it becomes more profitable to sell in the open market. Direct marketing contracts between growers and industry users will also be promoted.

Last year Spain produced 1.2 million metric tons of corn and 50,000 of grain sorghum. Spanish feedgrain imports in calendar 1967 amounted to just over 3 million tons. Of the imports, which

were mostly corn, 988,000 metric tons, or almost one-third of the total amount purchased, came from the United States.

U.S. Cotton Exports Increase

U.S. cotton exports increased in January to 475,000 bales, up 44 percent from 331,000 the previous month and 19 percent above the 398,000 bales shipped during the same month a year earlier.

Exports in the first half (August-January) of the 1967-68 season totaled 1,899,000 running bales, down 26 percent from the 2,578,000 bales shipped in the same period in 1966-67.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

	Year beginning August 1				
	Average 1960-64	1965	1966	Aug.-Jan. 1966	Aug.-Jan. 1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	3	1
Belgium-Luxembourg	121	43	52	37	18
Denmark	14	7	8	5	5
Finland	17	8	15	9	6
France	319	108	163	95	68
Germany, West	269	92	159	107	46
Italy	345	102	263	120	127
Netherlands	110	38	31	17	8
Norway	13	10	10	7	3
Poland & Danzig	125	42	78	54	32
Portugal	21	6	1	(1)	1
Spain	74	10	1	(1)	1
Sweden	81	59	71	44	41
Switzerland	74	35	79	51	34
United Kingdom	244	131	153	85	61
Yugoslavia	112	169	139	134	33
Other Europe	17	12	11	4	9
Total Europe	1,979	875	1,238	772	494
Australia	61	33	17	11	13
Bolivia	7	4	9	9	0
Canada	353	269	297	121	87
Chile	18	3	3	1	(1)
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	8	(1)
Ethiopia	9	20	9	4	9
Ghana	1	1	15	8	5
Hong Kong	148	94	183	103	112
India	314	63	289	143	262
Indonesia	40	(1)	161	89	(1)
Israel	15	5	2	1	1
Jamaica	4	5	5	3	(1)
Japan	1,192	705	1,293	721	431
Korea, Rep. of	261	301	372	175	223
Morocco	12	12	14	10	6
Pakistan	14	6	3	3	7
Philippines	123	93	134	79	57
South Africa	41	27	38	20	7
Taiwan	209	178	373	201	128
Thailand	34	55	70	37	34
Tunisia	2	13	15	8	8
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	1	(1)
Vietnam, South	46	73	66	32	8
Other countries	18	20	27	17	7
Total	4,924	2,942	4,669	2,578	1,899

[1] Less than 500 bales.

Philippine Coconut Product Exports Fall

Registered exports of copra from the Philippine Republic during January 1968 totaled 44,018 long tons, compared with 55,150 last year. Of the total, 11,300 tons moved to the United States, as compared with 19,000 in January of the previous year.

Exports of coconut oil amounted to 25,255 long tons, compared with 29,494 the previous January. Shipments to the United States were 17,112 tons, down from the 28,994 reported in January last year.

Desiccated coconut exports during January 1968 were 3,637 short tons, with 3,375 moving to the United States. In the same period a year ago, exports were 4,236 tons, of which 3,463 moved to the United States.

Argentine Flaxseed Estimate Lowered

Argentina's 1967-68 flaxseed production was 388,000 metric tons (15.3 mil. bu.), according to the second official estimate. This is 10 percent less than the first estimate *(Foreign Agriculture,* Dec. 25, 1967) and one-third less than the 577,000 tons (22.7 mil. bu.) produced in 1966-67. Moreover, at this volume, production was the smallest since 1955-56.

By the end of February roughly 25,000 tons of new-crop oil was expected to have reached or been en route to Rotterdam.

Record Malawi Tea Crop

Reflecting favorable growing conditions and increased acreage, Malawi's 1967 tea crop reached a record 37.1 million pounds, a gain of 9.4 percent over the 1966 bumper harvest of 33.9 million pounds.

Fiji Islands Sugar Exports Rise

Exports of sugar from the Fiji Islands amounted to the equivalent of US $29.4 million in 1967, up about 6.5 percent over those of 1966. Sugar was by far the single leading export, accounting for 56 percent of total exports. All other exports in 1967 were down from the previous year's level. Although the United Kingdom far outdistanced all other countries in 1967 as Fiji's best customer, the United States was second at about US $6.8 million.

Brazil Building New Sugar Terminal

Brazil has signed a contract for the construction and equipment for a bulk sugar loading and storage complex at Recife. The overall cost is estimated to be the equivalent of US $8.2 million, and construction is to be completed within 26 months. The terminal will considerably reduce loading time and expenses involved in loading.

A similar complex to the one above is planned for Maceió. The Instituto do Açucar e do Alcool has invited bids for this terminal.

Cold Weather Cuts French Prune Pack

The 1967 French dried prune pack, which was reduced by cold spring weather, is estimated at 11,500 short tons, 14 percent below the 1966 pack of 13,500 but 24 percent above the 1961-65 average. Some fruit was scarred by May hail storms, but overall quality is reported good. Fruit was larger than in 1966, falling predominantly into the size category of 44 to 55 per half kilogram.

August 1 stocks of 3,200 tons were slightly below the 1966-67 season total of 3,300 but were still considered large by the French trade. Stocks were reportedly comprised of 2,200 tons of California prunes and 1,000 of French prunes.

Imports have been relatively high during the first 5 months of the 1967-68 season, exceeding both 1966-67 and the 1961-65 average. Total imports for the season are expected to approach

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6,000 tons, 22 percent above 1966-67 and slightly above the 1961-65 average. August-December statistics show the United States continuing as the dominant supplier.

Exports during the current season are running considerably below the high 1966-67 level and below the 1961-65 average. They are expected to total 800 tons by the end of the season, approximating the 1961-65 average.

Prices of dried prunes, f.o.b. French processing plants, are above last season.

FRANCE'S DRIED PRUNE SUPPLY AND DISTRIBUTION

Item	Average 1961-65	1965-66	1966-67	Forecast 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Aug. 1)	1.3	3.3	3.3	3.2
Production	9.3	9.3	13.5	11.5
Imports	5.7	9.0	4.9	6.0
Total supply	16.3	19.6	21.7	20.7
Exports	.8	.3	1.5	.8
Domestic disappearance	13.6	16.0	17.0	16.9
Ending stocks	1.9	3.3	3.2	3.0
Total distribution	16.3	19.6	21.7	20.7

MID-JANUARY PRICES OF FRENCH PRUNES [1]

Number per pound	1967	1968
		U.S. cents per pound
30-40	37.0	40.3
40-50	30.5	34.3
50-60	26.4	29.6
60-70	24.5	27.3
70-80	22.2	23.1
80-90	17.6	18.1

[1] F.o.b. French processing plant.

Ontario Flue-Cured Auction Sales Dip

Sales of 1967-crop flue-cured tobacco at the auctions in Ontario, Canada, through February 16, 1968, totaled 140.5 million pounds at an average price of 70.5 Canadian cents per pound. Last season, for a comparable period, the total was 156 million pounds at 73.1 cents.

Correction.—February 26, 1968, issue, page 2, second paragraph from bottom: $1-billion market should read $3.3-billion market. Also, insert on page 3 after first full paragraph: Soybeans are the third most valuable commodity, but in this case Spain, Denmark, and Israel are the major importers rather than the United Kingdom. The United States exported $146 million to these nations, a fifth of our soybean exports. In addition, the United Kingdom, Spain, and Denmark each took from $8 million to $11 million of U.S. oilseed cake and meal, most of which was soybean oilcake and meal.

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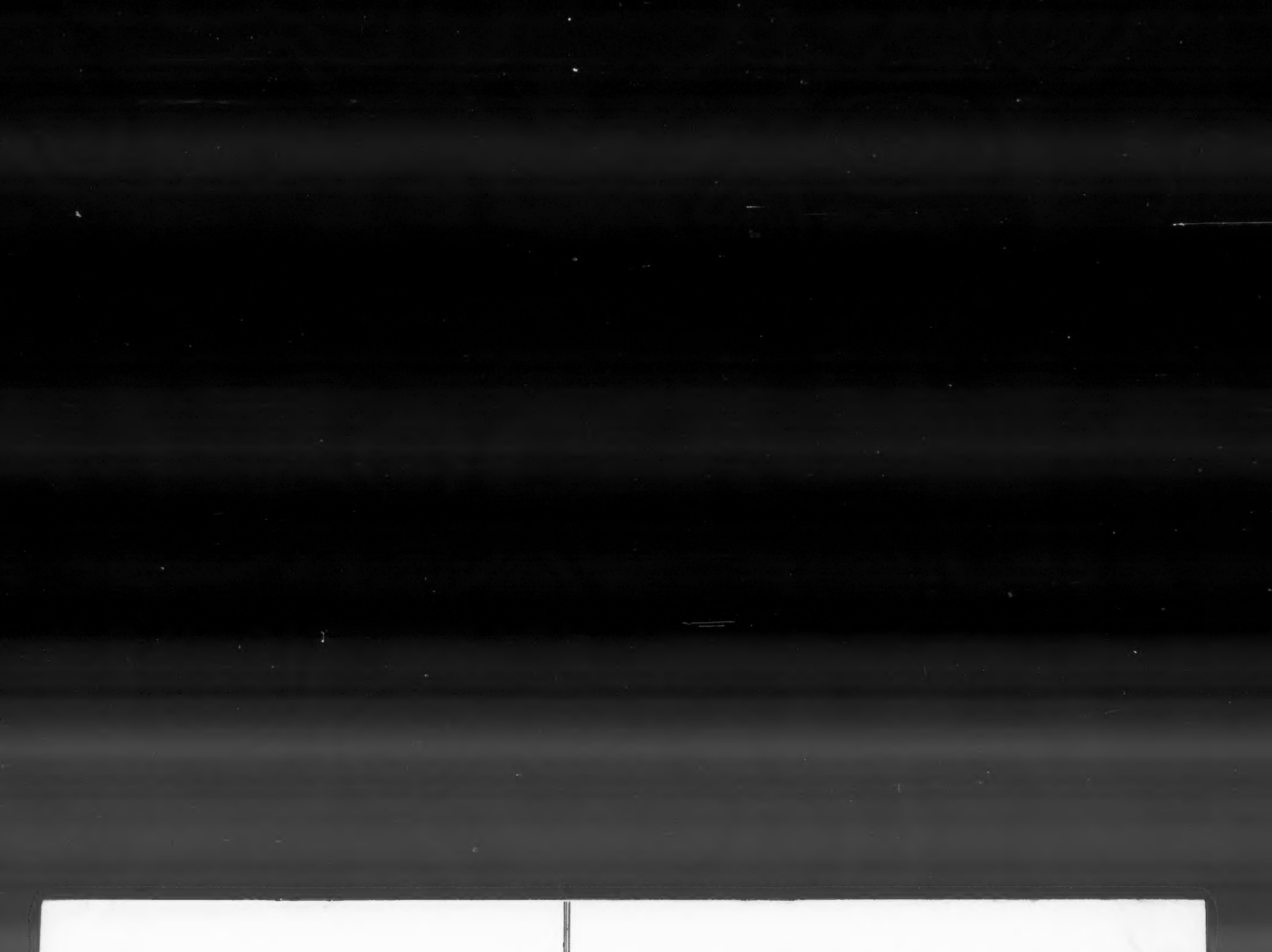
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